

1           A     Well, let me just finish my -- my thought.

2           Q     I'm sorry. I thought you were done.

3           A     Not to be impaired. Are just and reasonable.

4     That is, the just and reasonable standard here is not a  
5     cost-based standard, but is a market-based standard.

6           Q     Okay, that's in your mind.

7           A     I believe also in the --

8           Q     Where is it in the paragraph?

9           A     Excuse me?

10          Q     Where -- now, well, let me withdraw that. Correct  
11     me if I'm wrong, but that's a little different from what you  
12     were saying before. You -- you just said that the FCC  
13     thought it was okay to consider those market-based prices,  
14     where I think earlier you were saying the FCC said that's  
15     what you should do.

16          A     Well --

17          Q     Which is it?

18          A     -- if I did, then I misspoke, because as we roll  
19     to paragraph 664, we see that the standard that the FCC  
20     suggests, or at least the potential standard, is a  
21     comparison of the rate in question with two other rates.  
22     One of them is a market-based standard, namely, a commercial  
23     agreement; and the other is a tariff rate that has been  
24     found by a regulatory process to be just and reasonable. So  
25     the FCC considers both standards, both a cost-based standard

1 and a market-based standard, as reasonable standards to  
2 apply to determine if a given price is just and reasonable.

3 Q Okay. And that is where we have the verb "might";  
4 right? That a BOC might satisfy the standard by comparing  
5 its rates to one of those things; right?

6 A Oh, sure.

7 Q Okay.

8 A And what to me that means is, in principle, you  
9 might have to go look at special circumstances and  
10 conditions; which, in fact, the FCC says is -- is what its  
11 job under 271 is supposed to be. But I still interpret  
12 paragraphs 251 and 252, 651 and 652 to mean that you don't  
13 have to worry about competitiveness in these markets. That  
14 because the CLEC is not impaired, market prices in these  
15 markets will be -- or market forces are considered to be  
16 sufficient to obtain a just and reasonable rate.

17 Q Would you agree also that in paragraph 664, the  
18 FCC speaks of the application of the just and reasonable  
19 rate standard as a fact-specific inquiry?

20 A Yes.

21 Q Okay. And in coming up with your recommendation,  
22 you didn't look at any fact-specific to the Georgia market  
23 or to specific competitive opportunities for these elements,  
24 did you?

25 A No. My recommendation is just essentially what it

1 says in paragraph 664 and the economic reasons why I think  
2 that makes sense.

3 Q What it says in paragraph 664 is that the  
4 Commission might consider these things.

5 A Right.

6 Q You're saying the Commission should adopt those  
7 things?

8 A Should -- should consider those things, yes.

9 Q Okay. What's your recommendation of what this  
10 Commission should adopt?

11 MS. MAYS: Mr. Chairman, I'm going to object. I  
12 think that's been asked and answered several times. I think  
13 the Commission --

14 THE REPORTER: Meredith, I can't hear you.

15 MS. MAYS: Excuse me. I'm objecting on the basis  
16 that it has been asked and answered. I would also point out  
17 that the Commission has already admitted our two motions for  
18 official notice which moved in the commercial agreements and  
19 referenced the tariffs.

20 CHAIRMAN WISE: Mr. Magness?

21 MR. MAGNESS: Well, I've asked what the  
22 recommendation is, and have received variants of the answer.  
23 I guess I wasn't sure -- the reason I followed up is, I  
24 thought I understood that the recommendation was to look at  
25 those commercial agreements and look at intrastate special

1 access tariff, but I wasn't sure that's what Dr. Taylor just  
2 said when I tried to wrap it up.

3 CHAIRMAN WISE: Are you clear now?

4 MR. MAGNESS: I guess I am. I'll leave it there.

5 Thank you.

6 CHAIRMAN WISE: Thank you.

7 Covad? Mr. Watkins, a reminder against repetitive  
8 cross and friendly cross, please.

9 MR. WATKINS: Certainly, Mr. Chairman.

10 CHAIRMAN WISE: Well, is there -- there -- well --

11 MR. WATKINS: Within the realm of economic theory,  
12 I assure you this will be short, as my understanding is very  
13 limited.

14 FURTHER CROSS-EXAMINATION

15 BY MR. WATKINS:

16 Q Dr. Taylor, my name is Gene Watkins. I represent  
17 Covad Communications.

18 A Yes, Mr. Watkins.

19 Q Could I direct your attention to page 13 of your  
20 direct testimony.

21 A Yes.

22 Q Starting at line 14, you discuss bilateral  
23 -- bilateral bargaining process. Is that the process that  
24 you're -- is -- are the rates associated with such a process  
25 the rates that you believe this Commission should look to,

1 to establish what just and reasonable rates are?

2 A Yes, I believe they produce the measure of what  
3 market rates are. That's not the only way you can get to  
4 just and reasonable, but it's one way.

5 Q In -- in the description that follows from the  
6 question at line 14, you reference a buyer and a supplier.  
7 In that description the supplier, in the scenario we have  
8 here today in a real world, is BellSouth?

9 A Right.

10 Q And the buyer is a CLEC?

11 A Is Covad.

12 Q For instance. And you discuss how to arrive at a  
13 range of feasible prices for a just and reasonable rate.  
14 And the lower end of the feasible price is based -- you call  
15 the reservation price; isn't that right?

16 A Yes.

17 Q And the reservation price is really the lowest  
18 price that BellSouth could sell that element for; isn't that  
19 right?

20 A Well, could sell it for willingly.

21 Q Sure.

22 A Yes.

23 Q And the upper limit you call the maximum  
24 willingness to pay; is that right?

25 A Yeah.

1           Q     And that price is what the CLEC would be willing  
2 to pay for the element?

3           A     It's the most that Covad would be willing to pay,  
4 and if it were a penny more Covad would take its business  
5 elsewhere.

6           Q     Sure. In the middle of that range you identify  
7 what you call the ask price. Is the ask price, per se, just  
8 and reasonable?

9           A     It's in the range. So if both parties agree to  
10 it, then yes, it is. If they don't, it's not necessarily.

11          Q     At line 21 you state, "The asking price is the  
12 price with which the supplier starts off negotiations." Is  
13 that price within -- by definition of your process here,  
14 within the just and reasonable range?

15          A     Not necessarily. That is, it's presumably within  
16 BellSouth's minimum -- it's above BellSouth's minimum,  
17 assuming that it's the seller in this case. But suppose you  
18 had a -- a CLEC for whom that number just didn't make  
19 business sense. So, no, that's not necessarily within just  
20 and reasonable by this market-based standard.

21               MR. WATKINS: Thank you, Doctor.

22               CHAIRMAN WISE: NuVox, et al?

23               MS. LEWIS: No questions.

24               CHAIRMAN WISE: There was no questions? Okay, I'm  
25 sorry.

1 Ms. Mays?

2 MS. MAYS: Thank you, Mr. Chairman, Commissioners.

3

4

REDIRECT EXAMINATION

5 BY MS. MAYS:

6 Q Dr. Taylor, just a few questions on redirect. Mr.  
7 Walsh for the Commission staff asked you some questions  
8 about commercial agreements it had approved. Do you recall  
9 those questions?

10 A Yes.

11 Q Would you agree that the 252 process requires an  
12 agreement to be in the public interest?

13 A Yes.

14 Q If the Commission approved agreements as being in  
15 the public interest, would it have, by definition, found  
16 that the rates were either -- were just and reasonable, in  
17 your mind?

18 A Legally I can't say. But as I tried to explain, I  
19 think, to Commissioner Baker, that was my view. I didn't  
20 see how there could be two differences.

21 Q Are you aware of any situation in which a  
22 regulator has approved unjust and reasonable -- and  
23 unreasonable rates as being in the public interest?

24 A No, I can't say that I have.

25 Q Now, what would happen, in your opinion, if this

1 Commission set just and reasonable rates below the  
2 commercial rates and tariffed rates, given the number of  
3 CLECs that have signed commercial agreements?

4 A Well, the CLECs that have -- have signed  
5 commercial agreements are in an awkward position. Having  
6 gone through the process, they're at a competitive  
7 disadvantage to CLECs that have not. And the -- in some  
8 sense, then, even going -- going forward, the Commission  
9 will have set a -- a floor for further negotiations, which,  
10 as I explained in my testimony, may well distort what the  
11 -- the bargaining arrangement is among competitors.

12 Q Thank you, Dr. Taylor.

13 MS. MAYS: Mr. Chairman, Commissioners, we would  
14 ask that the witness be excused, and that his testimony and  
15 exhibit be admitted into the record.

16 CHAIRMAN WISE: They're admitted.

17 (The document, heretofore marked as  
18 BellSouth Exhibit Number 1, was  
19 received in evidence.)

20 MS. MAYS: Thank you.

21 CHAIRMAN WISE: Let's take a ten minute break,  
22 please.

23 (A short recess was taken.)

24 CHAIRMAN WISE: Thank you, everyone. Ms. Foshee?

25 MS. FOSHEE: Thank you, Mr. Chairman.

1           One procedural matter before we proceed to our  
2 next witness.

3           As I referenced in my earlier comments on the  
4 motions, it is BellSouth's position that any issue or  
5 subject matter that was discussed in the commercial  
6 negotiations between BellSouth and Covad is not something  
7 that should be brought up in this regulatory proceeding and,  
8 in fact, is confidential. So, for purposes of efficiency of  
9 the hearing, I'm going to make that blanket objection to any  
10 question that references those commercial negotiations. The  
11 Chair can rule on that objection now, and then it would save  
12 me from making it every time such a question is raised.  
13 That would be the first thing.

14           The second thing is that Mr. Watkins and Ms. Mays  
15 and myself are going to attempt to conduct this negotiation  
16 -- I mean, this cross-examination without referencing  
17 confidential information. To the extent that we do, the  
18 witness will either stop and indicate it or one of the  
19 counsel will indicate it, and we may have to clear the room  
20 of anyone who hasn't signed a confidentiality agreement. I  
21 understand, of course, that the Internet may pose a barrier  
22 to that. So we're going to try, as we go along, to see how  
23 this goes.

24           CHAIRMAN WISE: Is there any objection, Mr.  
25 Watkins?

1           MR. WATKINS: Mr. Chairman, the Commission just  
2 finished hearing the testimony of Dr. William Taylor and the  
3 process that he's proposing on behalf of BellSouth is if  
4 there is a commercial negotiation, it creates a range of  
5 just and reasonable pricing. And the asked price is part of  
6 that. So if, indeed, theoretically, there is an asked price  
7 out there from BellSouth which was voluntary, arm's length  
8 negotiations, given Dr. Taylor's testimony for a particular  
9 element, then getting that number before the Commission is  
10 critical to understanding what the just and reasonable price  
11 would be.

12           CHAIRMAN WISE: But they are a trade secret, Mr.  
13 Watkins.

14           MR. WATKINS: They were negotiated within the  
15 context of a commercial negotiation, and we have signed  
16 confidentiality agreements here to protect the  
17 confidentiality of that. Some of those have already been  
18 -- some of the confidential elements of that have frankly  
19 been introduced by BellSouth. And as a -- I mean, we must  
20 be allowed to rebut the evidence that's being presented and  
21 stated in this proceeding.

22           CHAIRMAN WISE: I'm reluctant to open up this to  
23 -- to these issues surrounding the numbers in these  
24 commercial agreements between the companies, Mr. Watkins.

25           MR. WATKINS: I understand that, Mr. Chairman.

1 Our concern is that the -- that what BellSouth has produced  
2 in terms of a cost study was done for this proceeding and  
3 that it doesn't truly reflect what the actual just and  
4 reasonable price, based on Dr. Taylor's testimony, is. And  
5 that if they are allowed to present their own case and not  
6 allow the CLEC community to rebut it, based on their own  
7 process, then they will be perpetrating a fraud on the  
8 Commission.

9 CHAIRMAN WISE: Mr. Watkins, I'm going to grant  
10 you some latitude here. But understand the reluctance to  
11 -- to go ahead and open this up to real numbers.

12 MR. WATKINS: Thank you, Mr. Chairman.

13 CHAIRMAN WISE: And -- and I guess that means, Ms.  
14 Foshee, that your global objection is denied. But we're  
15 going to tread lightly here.

16 MR. WATKINS: We will do our best, Mr. Chairman.

17 MS. MAYS: Mr. Chair, Commissioners, may we  
18 proceed? Our next witness is Mr. Tommy Williams. Could you  
19 please raise your right hand.

20 Whereupon,

21 THOMAS WILLIAMS

22 appeared as a witness herein, and having been first duly  
23 sworn, was examined and testified as follows:

24 DIRECT EXAMINATION

25 BY MS. MAYS:

1 Q Could you please state your name and business  
2 address for the record?

3           A       My name is Thomas Williams, 3535 Colonnade  
4   Parkway, Birmingham, Alabama.

5 Q By whom are you employed and in what capacity?

6 A BellSouth. I'm a product manager.

7 Q Mr. Williams, did you cause to be prefiled in this  
8 case testimony consisting of six pages?

9 | A I did.

10 Q Do you have any changes to that testimony?

11 A No.

12 Q If I were to ask you the questions contained in  
13 your testimony today, would your answers be the same?

14 A They would.

15 Q Did you also cause to be prefiled an exhibit  
16 labeled TGW-1?

17 | A I did.

18 Q And you filed a revised exhibit on February 13th,  
19 2006; is that correct?

20 A That is correct.

21 MS. MAYS: Mr. Chairman, if we could have Exhibit  
22 TGW-1 as filed on February 13th, 2006, marked as BellSouth  
23 Exhibit 2.

24 CHAIRMAN WISE: So marked.

25 (The document referred to was marked for

identification as BellSouth Exhibit  
Number 2.)

BY MS. MAYS:

Q Was that exhibit prepared under your supervision  
and control?

A It was.

Q And do you have any changes to the exhibit that  
was filed on February 13th?

A No, I do not.

Q Mr. Williams, have you prepared a summary of your  
testimony?

A Yes, I have.

Q Could you give it now, please.

A Yes, thank you.

Good afternoon. My name is Tommy Williams. I'm  
employed by BellSouth as a product manager for certain  
wholesale local products, including line sharing and line  
splitting.

My testimony addresses the appropriate rates for  
line sharing in Georgia. The most important consideration  
to BellSouth is that the FCC established transitional rates  
for line sharing under the FCC's plan. The current rates  
are at 75 percent of the stand-alone loop rate, which is  
\$8.27 per month. BellSouth also reviewed the full stand-  
alone loop rates which begin at \$11.02 a month, and looked

1 at other business factors. BellSouth's recurring line  
2 sharing rate proposal is \$9.75, which is appropriate.

3 Thank you. This concludes my summary.

4 MS. MAYS: The witness is available for cross.

5 CHAIRMAN WISE: Thank you.

6 (REPORTER'S NOTE: Although not requested by  
7 counsel, the prefiled testimony of Mr. Williams  
8 follows:)

9  
10  
11  
12  
13  
14  
15  
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1           MR. WALSH: Mr. Chairman, staff has no cross of  
2 this witness.

3           CHAIRMAN WISE: Thank you, Mr. Walsh. The only  
4 help I can get.

5           AT&T?

6           MS. OCKLEBERRY: No questions.

7           CHAIRMAN WISE: Competitive Carriers of the South?

8           MR. MAGNESS: No questions, Mr. Chairman.

9           CHAIRMAN WISE: Covad?

10                   CROSS-EXAMINATION

11 BY MR. WATKINS:

12           Q     Good afternoon, Mr. Williams. My name is Gene  
13 Watkins. I represent Covad Communications.

14           A     Good afternoon.

15           Q     Mr. Williams, can you -- do you have a copy of  
16 your direct testimony with you?

17           A     I do.

18           Q     Could you turn to page 3 at line 6. At line 6,  
19 you have recurring rates of \$2.76, \$5.51, and 8.27  
20 respectively. Are those rates the Zone 1 stand-alone loop  
21 rate for Georgia, or are those percentages of it?

22           A     Those rates are 25 and 50 and 75 percent of a  
23 copper loop rate for Zone 1 in Georgia.

24           Q     Is that rate \$11.02?

25           A     It is.

1           Q     And you're proposing here a price for the high  
2 frequency portion of the loop of \$9.75; is that correct?

3           A     That is correct.

4           Q     Now with line sharing, we have kind of a unique  
5 product, because BellSouth has a voice customer on the same  
6 loop that it's providing for the line sharer; isn't that  
7 right?

8           A     That's right.

9           Q     Does BellSouth recover its loop costs from the  
10 voice customer, or does BellSouth sell that voice product at  
11 a loss?

12          A     I'm not an expert on that voice product, but I  
13 understand that we do recover our cost.

14          Q     Will you turn to page 3, line 28. You provided a  
15 quotation from the FCC that discusses the pricing of the  
16 HPFL -- HFPL that creates a dilemma. Either the incumbent  
17 LEC is allowed to over-recover their loop costs by fully  
18 charging for both the HFPL and the low frequency portion of  
19 the loop, or the competitive LEC is allowed to purchase the  
20 high frequency portion of the loop at a price of roughly  
21 zero.

22                   The -- the CLEC doesn't get a whole loop when they  
23 pay for the high frequency portion of the loop in line  
24 sharing, do they?

25          A     No, sir, they do not. The FCC, when they

1 established line sharing, provided the CLECs to have access  
2 to the high frequency portion, not that they would actually  
3 own any portion of it.

4 Q The price -- the UNE price for the stand-alone  
5 loop in Georgia is not designed to compensate either  
6 BellSouth or the CLEC for the whole loop -- excuse me, for  
7 the high frequency portion of the loop, is it?

8 A No. The rates for line sharing are -- are not,  
9 nor have they ever been, based on cost.

10 Q The consideration of the FCC in ordering the  
11 transitional rate was designed to move a carrier from the  
12 high frequency portion of the loop to a stand-alone loop;  
13 right?

14 A Yes, the FCC ordered that there would be a  
15 transitional rate, and at the end of the third year, the  
16 CLEC should pay for a full price of a loop without voice  
17 service, but we're not proposing that. We're proposing that  
18 if we are ordered to provide line sharing, we will continue  
19 to do that. But we be able to price it at a price that is a  
20 market-based rate.

21 And the way we arrived at our 9.75 market-based  
22 rate, we looked at the rate that the FCC said is just and  
23 reasonable according to their three step-up process to go  
24 right now to 8.27 a month. And we also looked at the full  
25 price of a loop, \$11.02, and we found a price somewhere in

1 the middle range of that, 9.75, and we think that is a just  
2 and reasonable price.

3 Q You would agree with me, though, that that price  
4 is based on moving the CLEC to the entire loop; right?

5 A CLECs always have a choice of buying an entire  
6 loop.

7 Q Okay.

8 A They always have.

9 Q If you could turn to page 5 of your testimony,  
10 lines 12 to 14. It says, "In addition, BellSouth has  
11 attempted to create a rate proposal that provides business  
12 value to its shareholders."

13 Could you state what additive there was to the  
14 rate that you were proposing to arrive at a business value  
15 to your shareholders?

16 A I'm sorry. Additive to what?

17 Q How much more from the rate that you were  
18 considering did you add to get the business value that  
19 you're referencing there?

20 A Do you mean the 9.75 rate?

21 Q Well, I don't -- I was -- if you added nothing, it  
22 would be 9.75. If there was an underlying cost to BellSouth  
23 and you were adding onto that to provide business value to  
24 your shareholders, how much did you add?

25 A Oh, these rates are not cost-based. This is not a

1 cost basis for the 9.75. We looked at what the FCC said we  
2 were allowed to charge the third year of the step-up  
3 -- step-up process, and we looked at the full loop rate, and  
4 we arrived at what we think is a fair and equitable price in  
5 the middle of those two prices. It's not cost-based.

6 Q So what did you mean by, "In addition, BellSouth  
7 has attempted to create a rate proposal that provides  
8 business value to its shareholders"?

9 A What I meant by that is a price that allows  
10 BellSouth to add value to its business. We can make a  
11 profit. We can make margin.

12 Q At lines -- at page 5, lines 19 to 25, you  
13 identify other charges to engage in line sharing. Can you  
14 identify the other charges by amount?

15 A Well, I don't know the approved OSS charge in  
16 Georgia off the top of my head, but I believe that if CLECs  
17 are ordering line sharing we should be allowed to charge  
18 whatever that rate is that the Georgia Commission has  
19 previously approved.

20 Q Is that true also for the cancellation of local  
21 service requests?

22 A It is for everything that's in my testimony that I  
23 listed here, yes. We think we should be allowed to recover  
24 those charges that are -- have been previously approved by  
25 this Commission.

1           Q     Mr. Williams, I'd like to show you some documents  
2 that BellSouth produced in discovery, and ask you some  
3 questions about them.

4           MR. WATKINS: Mr. Chairman, I'd ask that the  
5 documents we're about to pass out be collectively labeled as  
6 Williams Exhibit 1. Or is it -- are we up to 2?

7           Mr. Chairman, these documents are trade secret.  
8 They need to be marked and treated as such. We will not be  
9 referencing any numbers contained in them except by line  
10 within the document.

11          CHAIRMAN WISE: Thank you.  
12 Mr. Watkins, do you have a copy for us?

13          MR. WATKINS: Mr. -- Mr. Jones -- why don't you  
14 pass out the first one.

15          COMMISSIONER BAKER: Could I ask Mr. Williams, was  
16 he present here for Dr. Taylor's portion of the testimony?

17          THE WITNESS: Yes, I was.

18          COMMISSIONER BAKER: Okay. And do you remember  
19 him referencing the 60 interconnection agreements in his  
20 testimony, or referencing that discussion, that there were  
21 existing signed interconnection agreements with  
22 approximately 60 CLECs?

23          THE WITNESS: Yes, I do remember that.

24          COMMISSIONER BAKER: Okay. He had indicated he  
25 hadn't reviewed those. Do you know if, in any of those 60

1 interconnection agreements, the current line sharing rate  
2 that you're recommending is being charged in any of those?

3 THE WITNESS: No, sir, that rate would not be in  
4 any of those agreements. No, this is a proposed market-  
5 based rate which we have, and it was only offered last week  
6 for the first time.

7 BY MR. WATKINS:

8 Q Mr. Williams, while we're in the process of  
9 putting together this collective exhibit, I'm going to ask  
10 you a blanket question for each of them. In the far left  
11 column of these -- well, do you recognize this document? Or  
12 these documents?

13 A The one I'm looking at is for DS3 transport (UNE)?

14 Q Yes, sir.

15 A Yes, I recognize that.

16 Q Was this produced by BellSouth in discovery?

17 A Yes, it was. This was a part of a business plan  
18 that BellSouth put together at the request of Covad, when  
19 they asked us to put together a comprehensive offer. Covad  
20 indicated they would be willing to pay more for --

21 MR. WATKINS: Mr. Chairman, the witness is about  
22 to get into a trade secret issue.

23 Mr. Williams, if you don't mind, I'm not going to  
24 -- we're not going to get into the interplay of this with  
25 any negotiations. This is going to be purely questions

1 about this document. And this I'll just ask this as a  
2 blanket question for all of these documents.

3 BY MR. WATKINS:

4 Q If you look down in the left-hand column there is  
5 a line that reads, "Total Expense." And then a number  
6 follows that. Please do not reference that number orally.  
7 But is that number BellSouth's underlying cost to provide  
8 this element as it is described in the header?

9 A This number is identified as a cost number that's  
10 based on internal costing accounting systems, not forward-  
11 looking costs that we traditionally file in cost  
12 proceedings. So it's very different than costs that have  
13 been presented to this Commission in the past.

14 Q In TELRIC? It's not a TELRIC number; is that what  
15 you mean?

16 A It's not a TELRIC number, that's right. It's  
17 based on an internal cost accounting system that may be a  
18 proxy for a cost, but is not representing the forward-  
19 looking costs.

20 Q And in BellSouth's mind, is there a difference  
21 between special access and UNE in terms of the services  
22 provided?

23 A I am not an expert in that area, I'm the line  
24 sharing and the line splitting product manager. But as far  
25 as I understand, the functionality of the services are the

1 same.

2 Q So special access isn't a Cadillac and UNE isn't a  
3 Yugo?

4 A There are some differences in the service levels.

5 But as far as the speeds of the services, things like that,  
6 they are the same. The way the services are delivered,  
7 there are some differences.

8 Q All right. Could you take a look at the remainder  
9 of the sets of documents provided there and tell me if those  
10 documents were produced by BellSouth in the context of a  
11 discovery request?

12 MR. WATKINS: Yes. Yes, I'm --

13 Just for the record, counsel for Covad represents  
14 that this document is printed as it was produced.

15 (The witness reviews a document.)

16 THE WITNESS: These appear to be the documents  
17 that we produced in discovery, yes.

18 BY MR. WATKINS:

19 Q To your knowledge, is the -- the number listed in  
20 -- under "Total Expense" in each one of those an accurate  
21 number as you've described the price methodology?

22 A As I've described the cost methodology, it's  
23 -- it's correct as I described.

24 Q Now, Mr. Williams, you've been involved in the  
25 line sharing negotiation with Covad from the very beginning;

1 haven't you?

2 A Yes, I have.

3 Q You were the subject matter expert beginning -- do  
4 you remember approximately how long ago those negotiations  
5 started?

6 A They started shortly after the TRO was issued.

7 Q Would you agree that on or about January 30, 2004,  
8 BellSouth made its first voluntary offer in the commercial  
9 line sharing negotiations with Covad?

10 A Yes, that offer was either in January or February  
11 of 2004.

12 MR. WATKINS: Mr. Chairman, Mr. Jones is passing  
13 out Covad Exhibit 2. It is also a trade secret document.  
14 And we would ask that this document be treated as such.

15 MS. MAYS: Mr. Chairman, just to be clear, to the  
16 extent that we -- I'm sorry. I know that we're trying to be  
17 very careful about confidential commercial discussions. But  
18 I want to be clear that to the extent we need to redirect  
19 Mr. Williams, we're going to have the same problem. If  
20 there's anything left with piece parts of it, of an offer,  
21 or piece parts of something that he needs to explain  
22 something else, we're going to need the latitude of making  
23 sure the record is clear on our part. So --

24 MR. WATKINS: And, Mr. Chairman, again, I am not  
25 going to get into any of the details of this document except

1 as just referencing the document itself.

2 (The documents referred to were marked  
3 for identification as TRADE SECRET  
4 Covad Exhibits 1 and 2.)

5 BY MR. WATKINS:

6 Q Mr. Williams, do you recognize this document?

7 A Yes, I do.

8 Q Without getting into the internal details of it,  
9 can you tell us what it is?

10 A This is a comparison that I put together for my  
11 management that talks about the BellSouth offer that -- for  
12 line -- a commercial line sharing arrangement, the counter  
13 that Covad made and a proposed counter that I was making to  
14 BellSouth management. It also addresses the arrangement of  
15 our -- the agreement between Qwest and Covad for line  
16 sharing, and Verizon and Covad, as I understood those  
17 agreements.

18 Q Do you know approximately the date that this  
19 document was created?

20 A It was probably in 2004. I don't -- I don't  
21 remember when that would be exactly.

22 Q Does this document reflect the state of the  
23 pricing offer from -- from BellSouth in October of 2005?

24 A Would you ask that question again, please.

25 Q Does this document -- I'll direct your attention